



Growing, Growing, Gone

GROCERS CAN HIT A HOME RUN WITH FRESH PRODUCE AS PLANT-BASED EATING STEPS UP.

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ven before 2019 began, trend projections highlighted plant-based eating and drinking as a dominant influence. The Kroger Co., based in Cincinnati, called out plant-based eating as a key movement, citing the shift among consumers to reduce their meat consumption and increase fresh produce intake. Chicago-based market research firm IRI, meanwhile, asserted that plant-based eating is no fad, supported by data showing that the trend “is poised to transform the food industry.”

Right now, the market for fresh produce is strong and growing. According to the 2019 “Power of Produce” report, from the Arlington, Va.-based Food Marketing Institute (FMI), fresh produce has a household penetration of nearly 100 percent and racks up \$60 billion annually in traditional channels. A study conducted by Nielsen for the Washington, D.C.-based Plant Based Foods Association finds that sales of plant-based foods grew 20 percent from June 2017 to June 2018.

If there are shoots of growth all over, the grocery store has

strong roots in providing consumers with the fresh produce they’re seeking. According to Nielsen data shared by the Newark, Del.-based Produce Marketing Association (PMA), 75 percent of shoppers said that fresh produce is most important to them, followed by fresh meat, poultry and seafood. Moreover, consumers said that the quality of the produce is more important than simply finding the lowest price.

The “Power of Produce” findings affirm that supermarkets are in a solid position for selling produce, particularly brick-and-mortar stores that provide an opportunity for shoppers to see, touch and pick out their own fresh fruits and vegetables.

The freshest and highest-quality produce that shoppers want includes traditional bulk produce as well as packaged fresh produce items that are steadily gaining steam.

“Many of us remember the simple suggestion of cutting carrots into snackable segments and putting them in packages next to vegetarian or dairy-based dips. This snacking phenomenon still exists today, but translated to even more popular trends like ricing cauliflower, or serving sliced apples in packages with a sweet dip,” observes Rick Stein, VP of fresh food at FMI.

This new crop of packaged products at retail includes items like packaged baby cauliflower from Mann Packaging; a line of BetterBreak snacks based on fresh vegetables, from Fresh Del Monte Produce; and blush-colored Rosé Berries (strawberries and raspberries) from Driscoll’s, to name a few.

The way produce is grown is also affecting food retailers and giving them new options to share with their shoppers. Industry observer Burt Flickinger, managing director of New York-based Strategic Resource Group, cites indoor-farming initiatives for natural and organic produce, including work being done at Cornell University, in upstate New York.

“Prof. Neil Mattson at Cornell and his team can grow five or more crops a year with a tenth of the water and no rust and contaminants, with full-flavor produce from greens to fruits,” notes Flickinger, adding that such indoor-farming programs open the door to having fresh produce available within a day to supermarkets.

According to the latest “Power of Produce” report, consumers are open to such production methods. Four in 10 shop-

75%

of shoppers said that fresh produce is most important to them, followed by fresh meat, poultry and seafood.

Source: Nielsen and Produce Marketing Association (PMA)

Produce Results

Leaves



\$6.43 billion

Sales that the plant-based protein market is estimated to reach by 2023
(MarketsandMarkets)



Driven by Millennials, locally grown produce demand continues to rise, with 44 percent of shoppers buying local whenever possible.
(2019 "Power of Produce," FMI)



Plant-based proteins could comprise a third of overall protein by 2054.

(Lux Research, published by Plant Based Foods Association)



Half of shoppers purchase produce-based beverages, mostly younger, male and higher-income shoppers; that number is growing, too.

(2019 "Power of Produce," FMI)



Value-added snacking solutions are an innovative segment aimed at one of the newer consumption occasions.

(2019 "Power of Produce," FMI)



41%

of shoppers eat fresh produce every day.

(2019 "Power of Produce," FMI)

Stems



Currently, the top three most popular fruits are bananas, apples and grapes.

(The Packer's "2018 Fresh Trends," published by PMA)



The top three most popular vegetables are potatoes, onions and tomatoes.

(The Packer's "2018 Fresh Trends," published by PMA)



Age and income are key drivers of fresh produce sales.

(Produce Marketing Association)

Roots



97%

of shoppers eat fresh fruits and beverages at least once a week.

(2019 "Power of Produce," FMI)

pers said that they've seen information on greenhouse-grown or hydroponically grown items on produce packaging or signage, and most shoppers accept hydroponics as a form of local and/or organic produce. Regarding the always important factor of taste, a majority of consumers agreed that hydroponic or greenhouse-grown produce tastes "as good as or better than" conventional produce.

Seeds of Change and Growth

There are several opportunities for grocers to leverage interest in plant-based eating to boost their produce sales across the store.

Creative merchandising is one way to do this. "Fresh fruit or veg available near the sandwich bar, or peppers displayed near a store's stew beef, are all ways to make produce more accessible and convenient," suggests Stein.

Providing solutions for different occasions can be effective as well. "As grocers implement fresh merchandising programs to cater to a curious customer who may be willing to venture outside of his or her routine for a sensory experience, they are highlighting opportunities across meal occasions that feature produce," points out Stein.

He cites an example: "For instance, breakfast and beverages were noted in our annual 'Power of Produce' report as particularly important to younger shoppers as ways to increase their produce consumption. Consumers want to eat more produce, and supermarkets are well positioned to help them through creative

merchandising strategies."

Another opportunity to capitalize on this mushrooming interest — produce pun intended — is the dinner occasion. Plant-based proteins are increasingly served at dinner; "Power of Produce" shows that 73 percent of consumers are eating produce as an alternative to traditional meat and poultry.

Sharing information about the fresh produce they carry is an additional way for grocers to connect with their customers. "Another area that consumers have shown interest in is: How fresh is fresh? When did it leave the field? When did it ship? When did it get put on the shelf?" notes Stein. "I think retailers have great opportunities to convey freshness and communicate about speed from farm to shelf."

Seeking out information and pursuing new options applies to a retailer's own approach to doing the most with plant-based foods, in and beyond the produce section. "Since the majority of stores employ nutrition professionals — at the store level in addition to the corporate setting — we're

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—Rick Stein, FMI

witnessing their influence in the form of creative spins on plant-forward protein options in foodservice to zoodles in the produce aisles,” says Stein, using a term often employed for “noodles” crafted from zucchini. “Cross-merchandising strategies often bring canned produce or products that are traditionally center store to help complement a fresh meal solution.”

He adds: “I believe rising tides float all boats, so produce departments should continue to communicate why fruits and vegetables are healthy, but not at the expense of selling the latest Beyond Burger. Both can grow.”

As for future growth, although conventional supermarkets are still the primary place where consumers buy fresh produce,



Conventional supermarkets are still where most consumers buy fresh produce, but competition from other channels is growing.

grocers recognize that competition is growing. According to “Power of Produce,” supermarkets have the highest share of all channels but currently “under-index” for Millennials

In addition, limited-assortment stores that focus on value are now a primary produce channel for 8 percent of shoppers, while specialty/organic stores are gaining sales from a growing number — 6 percent — of buyers. The report concludes that such growth in other channels among younger shoppers underscores the importance of grocery stores’ positioning and differentiation when it comes to fresh produce.